

With an approved sample available and with the favorable economics, the Committee took the following action:

Decision:

The Operations Committee, Arms Division, recommends to the Management the introduction of the Model 725 Rifle at an initial list price of \$134.95.

ALL PURPOSE STOCK, Models 721, 722, 740 and 760

Preliminary testing indicated the necessity for some modifications in the height of the sights for use with the all-purpose stock. This has led to some delays, particularly on the Models 740 and 721; however, production has now been released on the Models 740 and 760 and preliminary testing on the Model 721 appears to be satisfactory. 83

Production samples have been submitted and approved by the Sales Department, by the Operations Committee and the Management.

MODEL 722 - 222 REMINGTON MAGNUM

To meet a competitive situation, it has been suggested that we introduce the 222 Remington Magnum utilizing a cartridge similar to that developed for Springfield Armory. The Sales Department has made a forecast which, for guns, shows 1,000 in the first year and 750 in subsequent years. The Sales Department estimates that 60% of this volume will represent new business, the remainder to come at the expense of other calibers now offered. The Ilion Plant has estimated start-up costs of \$10,400 and increased factory cost of \$1.76 over the Model 722 in 222 Remington, giving operative earnings of 17.2% for the rifle. The Plant estimates that warehouse delivery could be made three months after authorization.

Although the return on the rifle is not as good as we now obtain on the 222 Remington, increase in the proposed list price of the ammunition gives a favorable return for the overall program. N. F. Larsen's economics study indicates the break-even point would be reached in approximately two years.